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French Nationals in Saigon Dissatisfied

After the collapse of the Thieu government earlier this year, French president Giscard encouraged French citizens to remain in Saigon in the hope that normal relations would soon be established with the new regime. The decision reflected in part Paris' hopes that France would soon re-establish itself as the most important Western political and economic force in Indochina. In addition to their substantial commercial interests that date back to the turn of the century, direct investment in South Vietnam by French companies this year totaled several hundred million dollars.

The French tried unsuccessfully to help negotiate a political settlement in South Vietnam during the final days of the Thieu government. Relations with the regime in Saigon have been strained and the French ambassador was asked by the Provisional Revolutionary Government to leave the country last month. Paris has failed thus far to receive permission to send a new chief of mission to South Vietnam.

Although the Provisional Revolutionary Government has allowed many of the French businesses to continue operations, there are indications that confiscations of private

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property are taking place.	

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Africans Reject G-77 Draft Agenda in Geneva

A coalition of African states has blocked approval in Geneva of an agenda for this fall's special session of the UN General Assembly drafted by a steering group of the caucus of developing nations. The Africans claim that the draft does not pay enough explicit attention to the problems of the poorest developing states. A UN Economic and Social Council meeting in Geneva is attempting to settle on a program for the special UN session.

The move by the African states underscores again the fragile nature of the alliance among the developing countries. Notwithstanding their apparent ability to close ranks when facing the industrialized world, the nations of the Third World are divided by regional interests, ideological differences, disparity in levels of development and endowment in natural resources.

The developing states were to have started talks with the industrialized states immediately after adoption of the agenda by the caucus of developing states. They will now have to begin anew taking the Africans' views into account. Moderate elements among developing countries are encouraging the industrialized states -- the US in particular -- to negotiate with the developing states now over the final shape of the draft agenda rather than to be presented with a fait accompli. The President of the Economic and Social Council -- a leader of the moderate developing states--has urged that this session of the council draft an agenda acceptable to all sides. He argues that failure in this body, where moderate developing states have more influence than elsewhere, would leave the way open for radical developing states to turn the UN special session into another free-forall.

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Bonn Pressed on European Security Pact

The Schmidt government is under growing pressure from the conservative opposition which fears that German interests are being sacrificed in order to assure a rapid conclusion to the European security conference. Opposition leaders are arguing that the final conference document should neither jeopardize Berlin's status nor foreclose the possibility of national reunification.

Many West Berlin political leaders share these concerns which emerged clearly in last week's special session of the Bundestag Foreign Affairs Committee. These issues will be the focal point of public debate again on July 25 when the Bundestag reconvenes for a special session to discuss the security conference.

Although some moderates in the opposition ranks are wary of becoming isolated from other West Europeans on the issue of detente, the Christian Democratic leadership seems prepared to force the issue in parliamentary debate and may cast a negative protest vote if the results of the conference negotiations fail to meet its requirements.

The conservative opposition does not have enough votes to defeat the Social Democratic-Free Democratic coalition. Foreign Ministry officials, nevertheless, are making last-minute efforts to secure language in the final conference documents that will help avoid an acrimonious parliamentary debate. Although there is little public interest in the security conference, the Schmidt government does not want to give the opposition parties an issue to exploit in next year's national elections.

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In a meeting with US, British, and French representatives on July 16, German officials stated that Bonn will not sign the final document unless there is an all-European clause that extends its provisions to Berlin. They have also requested that the three allies in their public statements at the formal conclusion of the Conference in Helsinki confirm:

- -- the application of the Conference's provisions to Berlin;
- -- the continued validity of Quadripartite Rights in order to preserve the western legal position in the divided city.

French and British officials will probably support Bonn's requests when the three western representatives meet with the West Germans today.

If pressed by the Christian Democrats on the
issue of national reunification, the Schmidt govern-
ment intends to take the position that the right
of self-determination and change of territorial
borders by peaceful means are explicitly confirmed
in the final conference document.

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Problems Between Norway and the Soviet Union

Norwegian Foreign Minister Frydenlund recently expressed to British officials his deep concern over what he described as the growing Soviet threat to Norway. In a talk with British Foreign Minister Callaghan, Frydenlund listed demarcation of the Barents Sea, border problems in the far north, the size of the Soviet diplomatic mission in Oslo, and Soviet activities in Svalbard as issues currently straining bilateral relations.

Frydenlund thought the Svalbard problem presented the greatest potential threat to Norway. He said the Soviet community on Svalbard--currently numbering some 2,000--is pressing Oslo for "administrative reforms." Frydenlund said the reforms appear to infringe on Norway's sovereignty over the area granted by the 1920 treaty, to which the US is a signatory.

Oslo also expects problems when talks resume with the Soviets this fall on demarcating national boundaries in the Barents Sea area. The Soviets are still expected to press for a sector line giving them more territory; Norway backs a median or equidistant line. Frydenlund did not elaborate on the problems along the land border between Norway and the Soviet Union, where tourists as well as Norwegians on occasion have illegally crossed the border and risked detention by the Soviets. Nor did the Foreign Minister describe in detail the growth of the Sovietembassy staff in Oslo; last year, however, the Norwegians rejected a Soviet request to open a consulate in Tromso.

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The Frydenlund visit was productive regarding relations between Oslo and London. Discussions were begun for joint security patrols to protect the two countries' off-shore oil and gas installations. Callaghan also indicated that he did not expect any problems to arise in the talks on delineating the border in the so-called tri-point area of the North Sea where jurisdiction between Norway, the UK, and Faeroe Islands is obscure.

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Reaction to Iceland's Extension of Fishing Limits

Iceland's decision, announced last week, to extend its fishing limits from 50 to 200 miles has evoked the predictable adverse foreign reaction, especially by those countries which have domestic fishing industries that would be affected. Further strains in Iceland's relations with its North Atlantic allies could result from the move.

A spokesman for British fishermen warned of the dire consequences if current bilateral negotiations do not lead to an extension of existing agreements on fish quotas in Icelandic waters. He said that when the present agreement permitting British trawlers to operate within Iceland's 50-mile limit expires in November, his organization would continue fishing in the disputed area and another Cod War could result.

West Germany, which is still haggling over an agreement to permit fishing within the 50-mile limit, is not optimistic that it will be able to work out a suitable accord when Iceland's jurisdiction is expanded. The principal issue is the conversion of the German fishing fleet to large freezer trawlers-now nearly complete--and Iceland's refusal to allow such ships to operate in its waters. Nevertheless, Bonn is not willing at this time to make unilateral concessions, such as lifting its ban on sales of Icelandic fish in Germany or withdrawing its opposition to granting EC preferences to Reykjavik.

An EC official expressed annoyance at the decision and warned that it would be detrimental to Iceland's desire for tariff concessions by that organization. He said, moreover, it would further

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delay the implementation of Iceland's trade agreement with the EC because of the harm to the financial interests of some EC states that would result from the exclusion of foreign fishing within the area.

The question whether Iceland intends to negotiate at all over fishing privileges within the 200-mile limit is still being debated. The government parties favor negotiations and Prime Minister Hallgrimsson recently reminded the public of the need for maintaining good relations with Iceland's traditional trading partners to insure markets for the Icelandic catch. The three opposition parties generally oppose any new negotiations for fishing within the Icelandic limits.

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European Council Demonstrates Flexibility of New Format

This week's two-day EC summit in Brussels—the second of the so-called European Councils—was apparently successful in fostering the aim of more frequent low-key exchanges between the nine heads of government. In a session largely dominated by talks on Europe's sluggish economies, few common policies on this or other matters were advanced, but the Council format demonstrated its flexibility to take account of timely issues.

The Council issued a declaration on the UN that reflected EC concern for the world body as a result of recent Arab moves to exclude Israel, and the next Council was scheduled in time to coordinate, if possible, the positions of the Nine prior to a full conference of oil producers and consumers.

The declaration reaffirming the confidence of the Nine in the UN had been planned for adoption prior to this fall's special session of the General Assembly. At the insistence of the British, however, the declaration was readied for the European Council meeting in order to take account of the anti-Israeli resolution just passed by Islamic foreign ministers in Jidda, as well as Secretary Kissinger's speech on the UN this week.

A consensus was apparently reached on the producer-consumer conference in favor of holding a preparatory meeting before this fall's special UN session. The French reportedly told their partners that the US agreed with this schedule and other modalities of the conference, thus apparently overcoming some of the reservations which the other may have held.

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Even so, there is already some squawking about the extent of consensus that Paris is claiming, and the "solidarity" may still be in doubt. The summit format of course lends itself to after-the-fact promotion of one or another national point of view.

Raw materials policy was discussed at a restricted luncheon and it remains unclear how much agreement was reached. German Chancellor Schmidt reportedly proposed a global scheme to stabilize the export earnings of countries most affected by increased oil prices and suggested that gold reserves of the International Monetary Fund should be mobilized for this purpose. The Germans are anxious to counter French emphasis on commodity schemes.

Raw materials and other economic problems will preoccupy Schmidt and French President Giscard d'Estaing at their next meeting in Bonn on July 25. The French, despite their interest in promoting community solidarity, had already suggested prior to the European Council that on economic issues only bilateral talks with the Germans really mattered. Paris should nevertheless have few illusions that Bonn is prepared to endorse French notions of an early return to fixed exchange rates internationally.

Both Schmidt and Giscard, along with the other EC states except the UK, Italy, and Ireland, indicated in Brussels that they were ready to initiate reflationary measures. In a post-summit interview, Schmidt conceded that it is true this implies "in a certain way" that Britain and Italy will lag behind while a "core Europe is making headway."

Probably responding to the cool reactions of its partners to earlier French suggestions for a monetary conference among the US, UK, West Germany, Japan, and France, Giscard did not

specifically call for such a meeting of the Big Five. There was agreement, however, that reflationary solutions should be sought in conjunction with the US and Japan. The smaller EC countries have repeatedly been annoyed at being left out of intimate deliberations among the Five.

Britain's credentials as a "good European" were symbolized at the summit by London's decision to withdraw its previous reservations on modifying the community treaties to provide for increased budgetary powers of the European Parliament. Ratification by all the Nine will remain to be accomplished after the foreign ministers sign the necessary documents on July 22. The Danes may still give some problems, but when the innovations come into force they will mark a considerable advance on the Parliament's present powers. This, in turn, will add impetus to the movement for direct elections to the Strasbourg body.

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